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BELTSVILLE BRANCH

1961 CROP SMALLEST SINCE 1957

Total crop production this year is expected to be the smallest since 1957. In July, the all-crop production index, was below last year's record but still well above the level for 1957 and earlier years.

The feed grain program combined with unfavorable weather in parts of the Nation to bring about a sharp drop

in planted acreage. Farmers planted about 306 million acres for harvest this year. This was 17 million acres below 1960 plantings and the smallest planted acreage in half a century. Acreage losses are expected to be moderate although above those of last year.

A total harvested acreage of 295 million acres is now in prospect, 20 million



1961 CROP—Continued

acres less than last year and the lowest of record dating back to 1909. Despite the small acreage, crop production is relatively large due, at least in part, to the rapid technological advances and improved cultural practices of recent years. Also, with reduced acreage farmers tend to keep their best land in production.

Crop development is generally ahead of the late 1960 season with near normal progress indicated for most crops. Winter grains, seeded under relatively favorable conditions last fall, came through the winter with light losses.

Above-normal March temperatures pushed the 1961 season off to an early start. However, temperatures averaged below normal during April, May, and June over most of the area east of the Rocky Mountains, slowing growth and maturity of crops.

Heavy spring rains and excessive moisture in the Southeast and the Mississippi and Ohio River Valleys delayed seeding and hindered harvest of early crops. Hot weather during June caused considerable damage in the Northern Plains and further depleted the dangerously low soil moisture. With stored water reserves approaching record low levels in Utah, Nevada, Arizona, and southern California, continued hot dry weather raises the threat of late-season shortages of irrigation water.

Feed Grains: Total feed grain tonnage will be far under the 1960 level due chiefly to sharp declines in corn and sorghum acreages as a result of the feed grain program. Corn acreage to be harvested for grain is down 18 percent from last year, while the all sorghum acreage declined 26 percent. Yield prospects for corn are equal to last year's record level.

The Agricultural Situation is sent free to crop, livestock, and price reporters in connection with their reporting work.

Oats production is expected to be 16 percent below 1960 due to declines in both acreage and yield per acre. Lower yields in the important Northern Plains States are largely responsible for the 14-percent reduction in barley production.

Food Grains: Total food grain production is also down from last year. Winter wheat production is 1 percent above 1960 due to a larger acreage. However, hot, dry weather in the Northern Plains cut acreage and yield prospects for spring wheat. Durum wheat production is expected to be less than half of the 1960 production, with other spring varieties down 46 percent. Rice production is about equal that of last year, but the rye crop is nearly a fifth smaller.

Oilseeds: Farmers responded to the increased price supports for soybeans by planting a record acreage, 11 percent above the previous high in 1958. Unfavorable weather in the Northern Plains hurt flaxseed prospects and production is expected to be a third smaller than last year. Cotton acreage is 3 percent above last year and the peanut acreage is slightly larger.

Other Crops: Production of tobacco is nearly 2 percent above last year due to a larger acreage. Yield per acre is down slightly from the 1960 record.

Sugar crop tonnage is indicated at an alltime high, with record production of both sugarcane and sugarbeets. Sugarcane output is 17 percent above last year and sugarbeet tonnage is up 13 percent.

Fewer dry beans are expected than in 1960. Acreage is down slightly and prospective yield is lower. Indicated production of dry peas is a tenth more than last year due to increased acreage.

Thomas M. Knapp
Statistical Reporting Service

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WHAT DOES THE FARMER GET FOR MEAT ANIMALS?

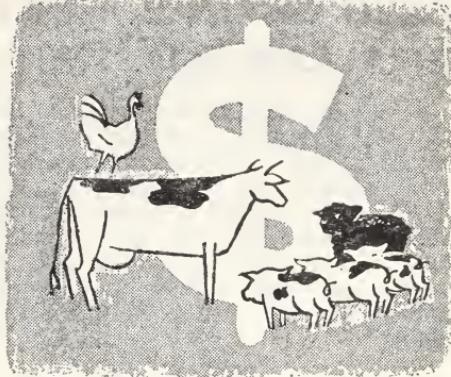
Sales of livestock and livestock products provide over half of the cash receipts from farm marketings—and sales of meat animals make up over half of receipts from livestock. Last year farmers received \$10.6 billion from the sale of cattle, hogs, and sheep. This is over 30 percent of total cash received from the sale of farm products.

Farmers' cash receipts in 1960, exclusive of interfarm sales but including Government payments, totaled \$34.7 billion, slightly less than in 1959 but nearly 10 percent more than the 1950-54 average. Direct Government payments to farmers under various programs accounted for 2 percent of farmers' cash receipts last year. The only payment to livestock producers was incentive payments on wool.

Sales of cattle and calves are the largest single source of receipts, providing 21 percent of cash returns in 1960. The proportion of all receipts from cattle, which includes both beef and dairy herds, has increased rather steadily over the years. Before World War II less than a seventh of farm receipts came from the sale of cattle and calves. The proportion of returns from the other major livestock and livestock product groups has declined from prewar levels.

In recent years the sale of dairy products, which used to be first, has ranked second as a source of cash receipts, and during the last 2 years poultry, including eggs, has forged ahead of hogs as an income producer. Marketings of sheep and lambs made up 1 percent of cash receipts last year.

While sales of livestock and livestock products make up over half of farmers' cash receipts, they do not exceed crops in value of production. Many crops are produced and fed on the same farm and thus are not included in crop sales. When the total value of feed produced is credited to crops, they account for



around 66 percent of the value of farm output.

Farmers in different parts of the country receive greatly different shares of their income from the sale of various commodities. Iowa, for example, leading in cash receipts from meat animals in 1960, received 65 percent of total returns from the sale of meat animals. California, which led in total receipts, received 18 percent from such sales.

Of the 10 top States in income from meat animals last year, only Texas (third) and California (sixth) were outside the North Central region. The top 10 States were the same in 1960 as in 1959, although the order changed slightly. Last year Texas replaced Nebraska in third place and California moved from eighth to sixth rank.

Iowa continued to lead all States in cash receipts from livestock and livestock products, as dairy and poultry are also important enterprises in that State. Wisconsin (5th) and New York (11th) are examples of States that have relatively higher rankings on the basis of receipts from all livestock because of income from dairying. Georgia, which ranks 27th in meat animal receipts, jumped to 15th in all livestock because of the large poultry production in that State.

The leading States in all cash receipts are California, Iowa, Texas, Illinois, Minnesota, and Kansas. North Carolina is the top-ranking Southern State east of the Mississippi.

Earl Miller
Economic Research Service

FEED GRAIN SUPPLY SMALLER FOR 1961-62

Feed grain supplies will be down in 1961-62, reversing a 10-year upward trend, if July prospects materialize. The smaller supply this year is largely the result of smaller acreages of corn and sorghum. However, smaller supplies of oats and barley also are in prospect as yields of these grains were reduced by drought in the Northern Plains.

The Totals

Based on crop prospects in July, feed grain production will total about 125 million tons, nearly a fifth smaller than the 1960 crop of 155 million. The total carryover of feed grains into 1961-62 is estimated at 85 million tons, 10 million more than in 1960-61. The total supply of feed grains for 1961-62, including this record carryover, is estimated at 210 million tons, 20 million tons below the record supply for the current year. The 127 million acres planted to feed grains this year was down about 14 percent from the 1960 acreage, the smallest total acreage in more than 60 years.

With many farmers participating in the 1961 feed grain program, the acreage planted to corn was reduced 18 percent from last year. The 67 million acres planted was the smallest since 1881. The corn crop, for harvest as grain, was estimated in July at 3,175 million bushels, a reduction of more than 700 million bushels from the record output in 1960.

This year, for the first time, corn estimates include only corn harvested as grain, whereas in previous years the estimates have also included grain equivalent of corn in silage, forage, and hogged off.

Corn Supply

The total corn supply for 1961-62, including only corn harvested for gain, was estimated in July at 5,176 million bushels, 9 percent below the record supply of 1960-61. The carryover of corn on October 1 is expected to total around 2.0 billion bushels, more than 200 million above the carryover last year. The

1961 crop is expected to fall somewhat short of 1961-62 utilization which has ranged from 3.3 to 3.7 billion bushels in the last 3 years. While the supply is large enough to leave a sizable carry-over at the close of the year, carryover stocks are expected to decline for the first time since 1951-52.

Sorghum Acreage Reduced

Heavy participation in the 1961 emergency feed grain program resulted in a 26-percent reduction in the sorghum acreage. The total acreage planted to all sorghums was estimated in July at 14.3 million acres, 5.0 million less than in 1960 and the smallest in 9 years. Of the 19.3 million acres planted in 1960, 15.4 million acres, or about 80 percent, were harvested for grain. Record yield per acre last year gave a bumper sorghum grain crop of over 600 million bushels. The cut in total acreage this year is expected to result in a substantial reduction in the size of the crop.

The 1961 oats crop was estimated in July at 961 million bushels, 16 percent less than in 1960 and the smallest crop since 1939. The prospective crop, plus the larger carryover of oats on July 1 this year, and an allowance for imports would give a total supply of about 1.3 billion bushels, 9 percent smaller than in 1960 and 20 percent below the 1955-59 average. The smaller oat crop this year resulted from both lower yields and smaller acreage for harvest. Oat acreage continued the downward trend of recent years, reaching the lowest level since 1885.

The barley supply for 1961-62 is estimated at 533 million bushels, 13 percent below 1960 and somewhat below the 1955-59 average. The smaller supply is the result of a 14-percent reduction in the size of the crop as drought reduced yield in the Northern Plains. Production was only about half of last year's output in the important malting barley producing area of the Midwest, including Minnesota and the Dakotas.

Malcolm Clough
Economic Research Service

OUTLOOK



Total crop output for 1961 is expected to be down 7 percent from the record output of 1960. Lower production is expected for most crops in 1961. The decline of about 3 percent in total output from last year's peak would be the first since 1949.

Realized net income of farm operators for the first half of 1961 was estimated at an annual rate of \$12.6 billion, up 12 percent from the first half of last year and about 7 percent above the revised estimate for all of 1960. Total cash receipts from farm marketings in January-June 1961 were more than 3 percent higher than a year earlier, with prices received by farmers averaging slightly higher than in 1960. Government payments to farmers were up sharply from a year ago, reflecting payments under the feed grain program. Production expenses were slightly higher with cost rates, in the main, holding stable.

Feed

Feed grain prices are being influenced by acreage reductions under the feed grain program and prospects for 1961 crops.



Fruit

Total supplies of fresh fruit are expected to be somewhat larger this summer than last. Production of deciduous fruit is up this year; remaining supplies of citrus are a little larger than a

year ago, partly because of late-maturing crops. Because of heavier supplies, July prices for most deciduous fruit at major shipping points averaged below a year earlier. But prices for citrus have changed little from year-earlier levels.



Dairy

Milk output for the first half of this year was 1 percent higher than in the first half of 1960. For the second half, output is also likely to be higher than a year earlier; and for all of 1961, production will probably exceed 124 billion pounds, compared with 122.9 billion pounds in 1960.

Sugar

Sugar crop output on the U.S. mainland should reach an alltime high as record harvests are likely for both sugarcane and sugarbeet crops. With planting restrictions lifted on both sugarbeets and sugarcane, farmers are increasing their acreage.

Soybeans

Soybean planted acreage will probably set a record with estimates of 27.1 million acres, up 15 percent from the year before. The sharp reduction in soybean stocks on farms reflects the favorable prices that prevailed this year, inducing farmers to dispose of their holdings. Total old-crop soybean

OUTLOOK



OUTLOOK—Continued

supplies at the end of the October 1960-61 marketing year may total about 5 million bushels.

Eggs

Egg prices later this year are likely to average lower than in the same period of 1960. Production will probably be up from last year, reflecting a higher average rate of lay from a flock that will rise to 2 percent above a year earlier.

Broilers

Broiler prices during July dropped to an alltime low. Supply for market was a record high in June and continued large in July also. Prospects this summer are for prices to continue at low levels and for production to continue substantially above a year ago.



Cotton

Disappearance of cotton in the United States for the 1961-62 marketing year is estimated at about 14.5 million bales, slightly smaller than that of the 1960-61 marketing year. Mill consumption will probably be up from last season, while exports are expected to fall below. Carryover on August 1, 1961, is estimated 0.4 million bales below a year earlier and the lowest since 1953.

Livestock

Output of livestock and livestock products for 1961 is likely to be around 4 percent higher than last year. Marketings are also expected to be higher. Hog prices this summer will probably

average nearly as high as those of last summer, but a drop in the fall to below last year's levels is expected. Fed cattle prices seem likely to hold relatively steady during the next few months, averaging lower than year-ago levels.

Vegetables

Supplies of most vegetables this summer are expected to be lighter than those of last summer. In prospect are substantially less summer cauliflower, cucumbers, lettuce, and early summer dry onions, and moderately less early summer tomatoes. Output of summer watermelon will probably be down about 10 percent from last year, but cantaloups are expected up 6 percent.



Tobacco

The tobacco crop is expected to be close to 2 billion pounds, nearly 2 percent above last year and the largest crop since 1956. Acreage for harvest is estimated at 2 percent above 1960, the third smallest acreage in 50 years.

Fats and Oils

Prices of most fats and oils are expected to rebound some this summer from the weakness evidenced in June, averaging well above last summer.

Turkeys

Turkey prices reflect large supplies. About 25 percent more turkeys than a year earlier are now growing for slaughter in the remainder of the year. Increases occur among all varieties of turkeys, but are greatest for heavy white birds, which can be slaughtered at weights competitive with either Bronze turkeys or Beltsvilles.

Wool

Mill use of wool appears to be on the increase in most major manufacturing countries which will probably result in a strengthening of prices during the latter half of 1961.

RECENT TRENDS IN THE ECONOMY OF THE POPULAR PEACH

Peaches are popular in the United States. Over the past 25 years about 40 million tons of them have been produced here. Today they constitute about 9 percent of all the fruit consumed, and among the deciduous tree fruits they are second in commercial importance only to apples.

Since 1935, the economy of the popular peach has undergone changes, that include: (1) A moderate but irregular upward trend in peach production (see chart); (2) greatly increased emphasis on canning; and (3) a moderate increase in total consumption, but a small decrease in per capita consumption.

Fresh market peach sales increased about 10 percent from 1935 to 1960. During the same period the volume of peaches sold for processing about doubled. By 1957-60 of every two peaches sold, one went to fresh market and the other to a processing outlet.

During 1957-60, sales for processing averaged about 33 million bushels: 89

percent were canned, 5.5 percent were dried, 5 percent were frozen, and 0.5 percent went into other uses.

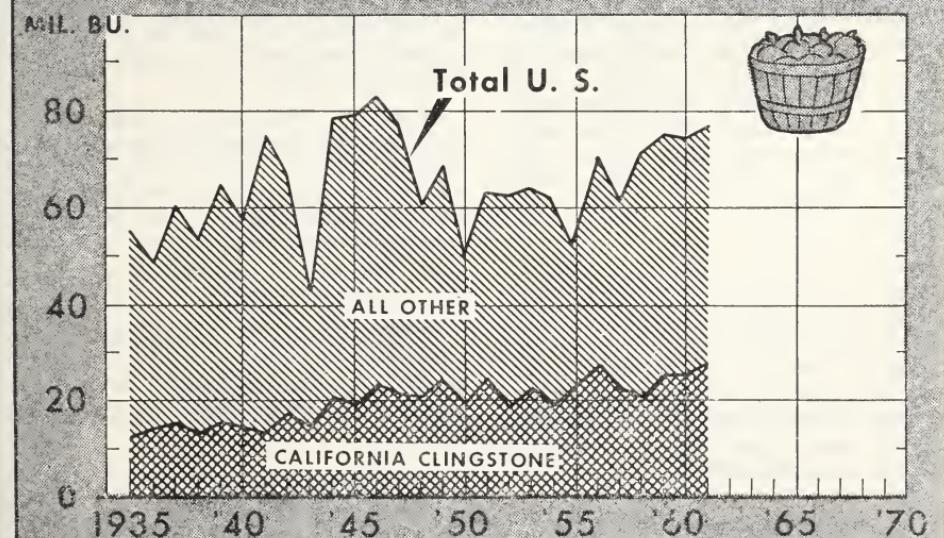
During 1935-60, while output of dried peaches decreased about two-thirds, the pack of canned peaches about tripled. In 1960 the pack of canned peaches comprised about a third of the total pack of canned deciduous fruits.

Since 1935, per capita consumption of canned and frozen peaches has increased, while that of fresh and dried has decreased. During 1957-60 people ate about 17.4 pounds (fresh equivalent) of peaches per person. The approximate breakdown of this was: Fresh, 55 percent; canned, 42 percent; dried, 2 percent; and frozen, 1 percent.

These trends reflect improvements in the quality of canned and frozen peaches, more widespread use of home freezer facilities, and a desire by consumers for greater variety.

Ben H. Pubols
Economic Research Service

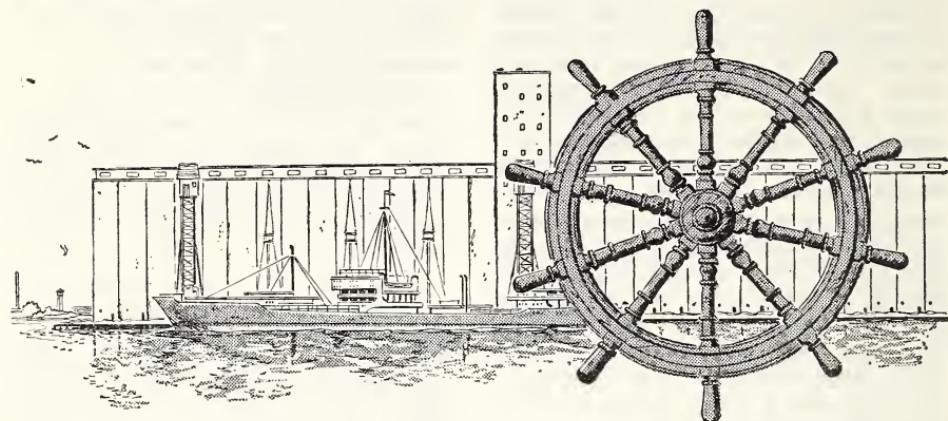
PRODUCTION OF PEACHES[▲]



[▲] 1960 PRELIMINARY; 1961 ESTIMATES AS OF JUNE 1961

For the First Time

WHEAT EXPORTS EXCEED DOMESTIC USE



Two items in the wheat situation stand out as highly significant. For one thing, exports in 1960-61 are not only an alltime record (about 660 million bushels), but they exceeded the quantity used in the United States. Also of significance—spring wheat production, estimated as of July 1 at 143 million bushels, is the smallest since the drought year of 1936.

The impact of these two items, and the likelihood of 1961-62 exports being even larger than in 1960-61, may halt by July 1, 1962, the increase in carry-over stocks that has taken place since 1952. Stocks of old-crop wheat on July 1, 1961, totaled 1,407 million bushels, which is about 5½ times larger than the carryover of 256 million bushels on July 1, 1952, at a time when wartime demands had drawn wheat stocks to low levels.

Exports of 660 million bushels are 110 million bushels above the previous record of 550 million bushels in 1956-57, and 150 million bushels above the 510 million bushels in 1959-60. In the year just ended, a higher percentage of production moved into export than in any year except 1956-57, when the crop was much smaller.

Why Exports Increased

The unprecedented increase in U.S. exports in 1960-61 can be attributed to stepped-up shipments under both Gov-

ernment programs and for dollars. Most important in quantitative terms is the upsurge in exports under Title I of Public Law 480. These were principally to India, Brazil, Poland, the United Arab Republic, and Pakistan. Exports under other Government programs were also substantially greater than in the previous year.

The increase in dollar exports was due chiefly to increased exports to Spain and Italy, both of which harvested poor crops in 1960. Imports supplemented shortages as opposed to other recent years when both were exporters of wheat.

The U.S. 1961 spring wheat crop is not only the smallest in a quarter of a century but it is only a little over half of the 1950-59 average. Prolonged dry weather over much of the important producing areas reduced yields sharply and resulted in significant decreases in acreages harvested.

With the winter wheat crop estimated as of July 1 at 1,116 million bushels, production of all wheat for harvest in 1961 totals 1,259 million bushels.

1961-62 Wheat Situation

Adding the carryover of 1,407 million bushels and imports, estimated at about 8 million bushels, to the crop, the supply for 1961-62 totals about

2,675 million bushels. This is about the same as the record in 1960-61 but 42 percent above the 1950-59 average. The increase of about 100 million bushels in the carryover on July 1, 1961, is offset by a 100-million-bushel decrease in the 1961 crop.

Domestic disappearance for 1961-62 is estimated at about 610 million bushels, about the same as last year; exports at 675 million would be slightly above last year. On the basis of these estimates, about 1,390 million bushels would be carried over on July 1, 1962, close to the 1961 carryover.

The strong export demand during June caused winter wheat prices to advance from early June levels and be nearer support than is usual for this period of the season. Spring wheat prices have advanced sharply since early June, reflecting the deterioration of the spring wheat crop.

With the price rise that has already taken place, the advance for the remainder of the marketing year will not be as great as usual.

While the spring wheat production is down, total wheat production in the

United States, because of the favorable winter crop, is 15 percent above the 1950-59 average.

Wheat prospects in Canada are poor. Prospects are also less favorable in Europe, parts of Asia and Africa. However, the outlook for the Soviet Union is for a larger crop than was harvested in either 1959 or 1960.

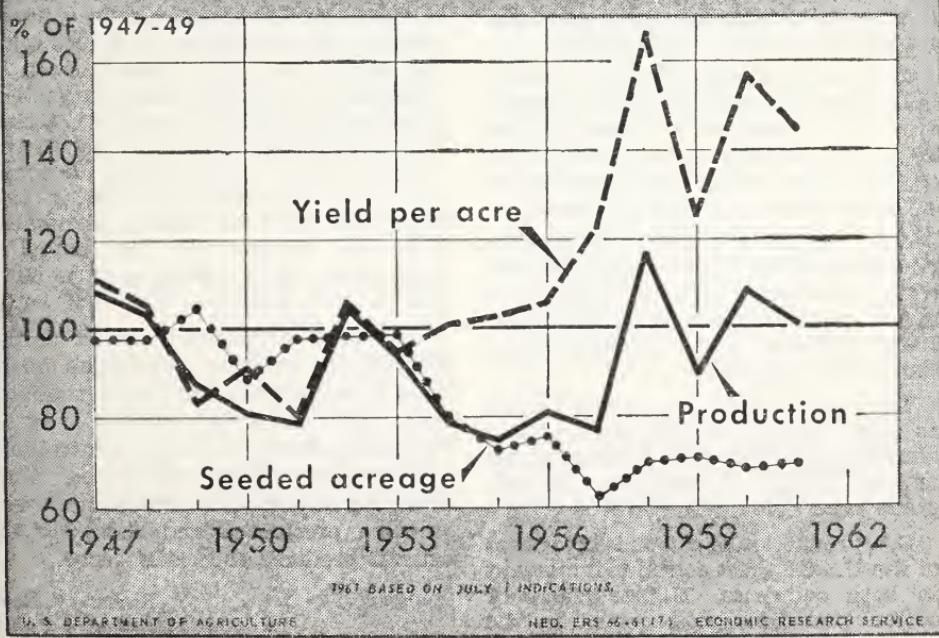
Yields at High Levels

The accompanying chart shows that yields per acre in the United States rose sharply from 1956, reaching an alltime high in 1958. Since that time, yields have continued at high levels and have resulted in large crops. The 1961 crop, although forecasted as of July 1 at 7 percent below last year, is 1 percent above the 1947-49 average.

Acreage allotments and marketing quotas have been in effect for wheat each year since 1954. Acreage held at about the same level in this period, except in 1957 when participation in the acreage reserve of the soil bank reduced the acreage still further.

Robert Post
Economic Research Service

WHEAT ACREAGE, YIELD AND PRODUCTION



LET'S COMPARE U.S. AND RUSSIAN AGRICULTURAL PRODUCTION

Together, the United States and the Soviet Union account for more than one-quarter of the world's annual farm output. During 1958, the latest year for which comparisons are available, Soviet farm production made up 11 percent of total world agricultural production, and U.S. farm production comprised 16 percent.

The production of farm commodities in the U.S.S.R. during 1958 is roughly estimated at about two-thirds of the U.S. level. On a per capita basis, this Soviet output is reduced to about half that of the United States. The Soviet Union is placed in a favorable position by using the 1958 season (Russia's record year) to compare farm output with ours. Although weather was also favorable in the United States during 1958, it was not as favorable. Soviet farm output during a year with more average weather is probably nearer 60 percent of U.S. farm output.

Wheat and potatoes are much larger components of total farm output in the U.S.S.R. than in the United States, where corn is the leading crop. Total grain production of the U.S.S.R., however, is only about half the U.S. level. U.S. corn production last year exceeded total Soviet grain output.

Sugarbeet production is also much more important there than here. However, no sugarcane is grown in the U.S.S.R. Sunflowers are the major oilseed in the Soviet farm economy as soybeans are in the United States.

U.S. vegetable production exceeds Soviet production and we produce more than three times as many fruits of a much wider variety. Climate limits citrus growing in the U.S.S.R. to insignificant quantities.

The United States produces 4.7 times as much tobacco as the Soviets; and almost 40 percent of the tobacco grown in the U.S.S.R. is Makhorka, a low-grade type.

U.S. production of cotton is twice that of the U.S.S.R., but cotton is important in both countries. Higher yields of cotton per acre are reported in the

Soviet Union than in the United States because all Soviet cotton is grown on irrigated land and only 25 to 30 percent in the U.S.

Despite recent rapid growth of livestock production in the Soviet Union, livestock output in the United States is still much greater. Meat production in the United States is over twice that of the Soviet Union. Egg production is 2½ times as high, and poultry production is almost four times as large.

Milk production in the United States is about 10 percent greater, but Soviet butter production is much larger. Smaller butter production in the United States results partly from margarine replacing butter in the diets of many Americans.

The U.S.S.R., with four times more sheep than the United States, produces more than twice as much wool annually as the U.S.

Despite a landmass 2½ times the size of the United States, the U.S.S.R.'s area of cropland, including hayland, exceeds ours only by about 40 percent. In terms of land suitable for tillage, the United States probably has more. In 1960, the Soviets sowed 501 million acres of crops, comparable to 329 million acres sown by the United States.

Estimates by U.S. soil authorities indicate the U.S.S.R. has over 3½ times more wheatland than the United States, but the Soviets have nothing to compare with the U.S. Corn and Cotton Belts in terms of both soils and climate. Thus far, climate has been more a limiting factor to expanding farm output in the U.S.S.R. than has land.

U.S. food production should easily support the growing population on a widely varied diet for some time to come. For the present the major agricultural problem is that of controlling burdensome farm surpluses. The situation in the Soviet Union, however, is more precarious and shortages of animal products especially recur.

Richard E. Bell
Economic Research Service

ALASKAN AGRICULTURE HAS LOTS OF ROOM TO GROW

Alaska has 367 farms according to the Bureau of Census. Although these farms now produce less than 10 percent of the food consumed there, agriculture's part in the Alaskan economy is growing.

During the past decade farm receipts have almost tripled in value.

Farm value is on the increase. The average value of land and buildings per Alaskan farm is about \$43,000 today, as compared to \$12,500 in 1950.

Half of Alaska's 367 farms are operated by full-time farmers, and most of these places have electricity, tractors, and other equipment and conveniences.

Alaskan agriculture has land potential. More than a million acres are suitable for clearing and cropping. However, unless there is a greater influx of new residents than is now anticipated, the additional cropland required during the next 10 years will not exceed 10,000 acres.

The Local Market

Alaska has almost a quarter of a million inhabitants, and they spend a larger proportion of their income for food than do consumers in any other State. Reason:

- A larger percentage of the people must spend their workday on their feet.
- There is a larger proportion of active, outdoor people.
- Cold weather makes for hearty appetites.

The population, both civilian and military, is concentrated in south-central Alaska near Anchorage (Alaska's largest city) and Fairbanks. Between these cities is the "Railbelt," so called because of the Alaska Railroad.

Also, nearby (50 miles northeast of Anchorage) lies the Matanuska Valley, an area which produces about 68 percent of the value of farm products sold.

Milk is the chief agricultural product of Alaska and accounts for about half of the farmers' receipts. Potatoes are the second largest single agricultural

enterprise and account for a sixth of the farm receipts.

Other animal products make up more than a tenth of the receipts, and a little less than a tenth go to greenhouse and nursery products. Eggs account for an eighth.

Most of the marketing of farm products is done through cooperatives or the farm products are sold directly to retailers, consumers, or the Armed Forces. Farmers' cooperatives handle approximately 90 percent of the fresh milk and half the potatoes and other vegetables. There are few processors and few middlemen.

To sell to distant markets, Alaskan farmers would have to take lower prices for their products and this would not be profitable with today's high cost of farm operation and transportation. Production and marketing costs are actually so high that it is often cheaper to import even perishables than to produce them locally.

In view of the high production costs and large capital investment required in Alaska, compared with other States, it is doubtful if local farmers can appreciably increase their share of the local market for food. Any big increase probably would necessitate growing food products that require more processing or sales to more distant markets.

A gradual increase in beef and sheep numbers during the next decade is anticipated. Eventually, Alaskan production may provide a significant part of the State's meat supply. It may eventually even be feasible to export grass-fed beef or lambs as well as wool to the West Coast States and possibly Japan.

In the 1960's probably most agricultural growth will occur through enlarging existing farms rather than developing new ones. The greater part of any increase is likely to come in fresh milk, eggs, potatoes, and vegetables, as well as in beef and wool.

H. P. Gazaway
Economic Research Service



FARM REAL ESTATE TAXES STILL RISING

As farmers well know, farm real estate taxes have been going up, up, up. In fact, the rise in these taxes in the United States (not including Alaska and Hawaii) has been uninterrupted in the past 18 years. They were three times higher in 1960 than they were in 1942.

Because the acreage of farmland in private ownership has changed little since 1942, taxes per acre have increased in the same proportion as total farm real estate taxes.

Farm real estate taxes in the 48 States totaled \$1,284 million in 1960, which was 8 percent more than the total for 1959. They increased in every State except Delaware, where they remained the same as they were in 1959. Largest increases occurred in Florida, California, and New Jersey.

Variations Among States

Taxes on farm real estate averaged highest in New Jersey—more than \$10 per acre. New Mexico had the lowest—11 cents per acre. In 15 States the average tax per acre was more than \$2; in 10 States it was between \$1 and \$2; and in 23 States it was less than \$1.

Variations among States in average tax per acre reflect the role assigned to the property tax in State-local fiscal systems, as well as the value of farmland and improvements.

In States where the tax per acre was highest—New Jersey, Connecticut, Massachusetts, and Rhode Island—farms characteristically are small and intensively operated and have large investments in improvements. In the Northeast region about half of the 1961 value of farm real estate represented farm buildings.

In the Mountain region, where taxes per acre are relatively low, much of the agricultural land is low-value grazing and dry-farming land on which improvements are considerably fewer and less valuable than they are elsewhere in the United States.

Since 1945, increases in farm real estate taxes have averaged more than 7 percent a year. The cause of this rise lies in the sharply increased cost of local government, which is largely financed in rural areas by the property tax.

Costs of local government increased fourfold from 1946 to 1959. The depression of the 1930's and the war years left local governments with a backlog of capital requirements. In their efforts to meet these requirements, local governments encountered rising wages and prices, shortages of materials, and increased demands for public services. Population growth, particularly in the suburbs and rural urban fringes, added to the financial requirements of local governments.

Most of the causes of increased cost of local government are not likely to disappear soon. Expenditures for public education, for example, the largest single expense, have increased at a rate of 10 percent annually since 1956 and emphasis on adequate support of public schools seems to be growing.

Throughout the country, particularly in rural areas, school authorities are finding it necessary to increase salary scales substantially to attract and retain competent teachers.

Also, the continued press of population from cities into suburban and rural areas is likely to cause further increases in farm taxes to support construction

of new schools and an increasing variety of other public services.

Farms in Metropolitan Areas

Highest farm real estate taxes per acre, of course, are levied on farm real estate in metropolitan areas. It is estimated that in 1960 about one-fifth of the total farm real estate taxes were those levied on farms in these areas.

One of the most difficult problems in the administration of the property tax is the assessing of farm real estate located in the rural urban fringe. The demand for industrial sites, residential subdivisions, and shopping centers often pushes the price of agricultural land to values far greater than can be supported by using the land for farming.

These higher values encourage farmers to sell their land and reap their capital gains. The results—speculative buying and selling of farmland and abandoning of farming operations—have become causes for concern.

To ease the impact of rising real estate taxes on agricultural lands in the rural-urban fringe, several States have enacted laws that require assessment of agricultural real estate solely on the basis of its value in agriculture.

In the Newest States

In 1960, farm real estate taxes averaged \$1.14 an acre in Alaska and \$1.73 an acre in Hawaii.

Only about 20 percent of the farm acreage in Alaska is subject to tax. Since there is no State tax on property, the only farmland that is taxed is that which lies within the limits of incorporated municipalities or school districts.

Unlike other States, Hawaii has a highly centralized tax system; virtually all of the power of taxation is vested in the State government. The State assesses property for taxation and collects all taxes levied. Property tax rates, however, are fixed annually by the board of supervisors of each county, and all property tax revenue is returned to the counties.

McGehee H. Spears
Economic Research Service

What About Rural Health?

Recent studies show that farm people are sometimes not as well off in terms of health as are town and city dwellers. Despite the popular conception that fresh air and sunshine are conducive to good health, this is not always the case.

More farm people are limited in some way by chronic ailments than are city folks. Over 12 percent of the farm population have some chronic condition which limits their activity. On the other hand, about 9 percent of the non-farm population have similar health problems. Farm people with chronic ailments lose an average of over 8½ days of working time a year; nonfarm people with chronic health conditions average about 6.

Differences in education, income, and the availability of medical personnel and facilities all help determine the health of a group, regardless of where the group lives. It is easy to understand why there are greater health hazards in isolated farm areas. More babies are born outside hospitals, which results in higher infant mortality. Then too, isolated farm areas sometimes lack adequate sanitation facilities. This increases the possibility of communicable diseases cropping up.

Fewer doctors and hospitals are also part of the rural health problems, although this has been improving recently. According to a survey by the Public Health Service, there are about 165 doctors for every 100,000 people living in the larger metropolitan areas. In isolated rural areas there are only about one-third as many doctors for the same number of people. Possibly this is one reason that farm people see M.D.'s and dentists less often than do urban residents, even though farm people probably need the same amount of medical care as nonfarm groups.

As for health insurance protection, farm people have less than do city people. A national health survey shows that 45 percent of our farm folks have hospitalization insurance. By comparison, the urban population is about 72 percent insured.

James D. Cowhig
Economic Research Service

Recent USDA Publications:

Your farm lease can influence your net income as greatly over a period of years as the productivity of the land, the kind and quantity of fertilizer you use, the quality of your livestock, or the production practices you follow. It is important, therefore, that a farmer be "in the know" about his farm lease.

These three recent USDA publications explain the considerations and inclusions in each of the major kinds of farm leases.

Your Cash Farm Lease

Miscellaneous Publication No. 836

Your Livestock—Share Farm Lease

Miscellaneous Publication No. 837

Your Crop—Share—Cash Farm Lease

Miscellaneous Publication No. 838

Each is 16 pages long.

All three of these publications are patterned along the same lines and cover the following information as it pertains to each lease:

- **Your Farm Lease.**
- **Method for Estimating Rent** (a table for estimating rent is included).
- **Filling Out the Farm Lease.**

This section discusses property rights, land use and livestock production, improvements and maintenance, terms of lease, and miscellaneous provisions of the farm lease forms.

A complete facsimile of the lease is in each bulletin. Separate lease forms are also available for actual use.

In addition, there is a complete list of USDA farm lease publications on each inside cover.

You may obtain a free copy of any or all of these publications by writing to the editor, Agricultural Situation, Division of Information, MOS, USDA, Washington 25, D.C.

Cattle on Feed

Up 2 Percent

On July 1 nearly 5.8 million head of cattle and calves were on feed for market in the 26 major feeding States—North Central States, Western States, Pennsylvania, Oklahoma, and Texas. This number was 2 percent higher than the 5.7 million head on feed in these States July 1 last year, but down seasonally from the 7.0 million head on feed April 1 this year.

The North Central region with 3.9 million head on feed showed a 3-percent gain from a year earlier. Nebraska and Missouri were the only States in this region having fewer cattle and calves on feed than last July 1. In the 11 Western States, cattle and calves on feed were down 3 percent. Colorado and Washington showed the only gains from a year earlier in this area.

The breakdown of the number on feed by weight groups shows those weighing less than 500 pounds were down 14 percent, and those weighing 500 to 699 pounds were down 5 percent. Cattle in the 700- to 899-pound group were up 8 percent, but in the 900- to 1,099-pound group numbers were down 6 percent. Those weighing over 1,100 pounds were 15 percent above July 1, 1960.

On July 1 cattle and calves that had been on feed less than 3 months were up 1 percent from a year earlier. The number on feed 3 to 6 months was down 1 percent; and those on feed more than 6 months were 6 percent higher.

There were more steers and steer calves on feed July 1, but slightly fewer heifers and heifer calves than July 1, 1960.

Cattle and calves placed on feed during April, May, and June totaled 2.2 million head, up 2 percent from the same period in 1960. Marketings on fed cattle during this 3-month period at 3.5 million head were up 9 percent from April-June 1960.

Cattle feeders expect to market about 3.3 million head of fed cattle during July-September this year—3 percent more than for this period in 1960.

Dan L. Herbert
Statistical Reporting Service

The Farmer's Share

The farmer's share of the consumer's food dollar was 37 cents in May 1961, a cent lower than in April. In May 1960 the farmer's share was 39 cents.

"Bert" Newell's Letter

Happy New Year! No, I haven't been pulling a Rip Van Winkle since last December, but a fellow handed back a check the other day which I had dated July 1962, and it made me realize that I had gotten mixed up between the calendar year and our official (or, as we call it, fiscal) year.

Actually, every year around June and July I am apt to make mistakes of this sort. You see, July 1 is the beginning of the fiscal year for us, and since we designate it by the end date, we are now in fiscal year 1962, although we are still estimating 1961 crops.

To add to my confusion, we are now beginning to lay plans for 1963. So what with estimating 1961 crops in fiscal 1962, can you blame me for getting a bit mixed up? Sounds a little screwy anyway, but there is a reason for it all, and we get used to it.

Complicated as it seems, getting tangled up on fiscal years isn't as confusing as crop years. We who are accustomed to agriculture in the Temperate Zone get into the habit of thinking about harvest in the fall, the harvest moon, the "frost is on the punkin," and all such things. This idea fits corn and a lot of other crops, but is way off for winter wheat, for example, sown in one year and harvested the next year in the heat of the summer.

Apples fit into spring bloom and fall harvest, but a crop like oranges has an entirely different pattern. The trees bloom along in March; harvest gets underway in the fall, but then it continues through the next April or May. So, you have blooms on the tree for next season while harvesting part of the previous crop.

Now with vegetables, you can really get mixed up. Potato harvest is going on in some parts of the United States nearly every month of the year. So you continually have to watch out for which one of the six different parts of

the potato crop you are talking about. Then you run into extremes like in Hawaii, where planting and harvest go on every month in the year, while in Alaska the crop season is very short.

All this just points up something I find a lot of people overlook. This is a very big country, and agriculture in all of its ramifications is the Nation's biggest business. Trying to keep up with what's happening on some 3 1/2 million farms located in 50 States, stretching nearly a quarter of the way around the world from the Arctic to the Tropics, is quite a job for any organization.

Once in a while someone comes up with the idea that all we need to do is to make one estimate of total production of a given crop for the entire country. Of course, this would simplify our job quite a little, but it certainly wouldn't be of much use to individual producers, handlers, shippers, and processors who have to get the food from where it's produced and into the local stores where Mrs. Home Manager can put it on the table for her family.

When I first started working with the Crop and Livestock Reporting Service, we actually made one estimate and forecast of total potato production. It wasn't long before producer groups and marketing people began to complain that a forecast of total potato crop on July 1 did not show that the early spring crop had been harvested and sold, nor that the late crop wouldn't be ready for harvest until fall. So now, we estimate the potato crop in six different parts, corresponding with their season of harvest.

The demand for more and more detailed estimates of various crops is indicative of the increasing specialization and complexities of food and fiber production, as well as the marketing process. Reliable information on what is produced, how much, and where is increasingly important for the functioning of our free enterprise system.

So, Happy New Year! I hope your 1961, '62, and '63 crops are all good.



S. R. Newell

Chairman, Crop Reporting Board, SRS



Growth Through Agricultural Progress

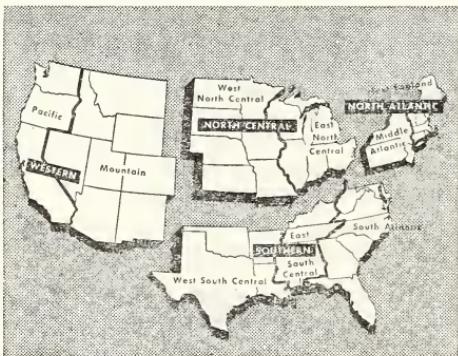
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